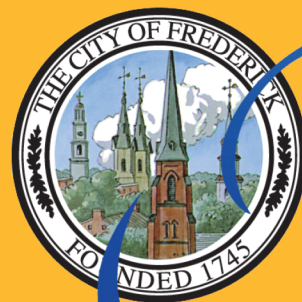


2014 Economic Development Annual Report



The City of
Frederick
Maryland

Message from the Director

Frederick's Department of Economic Development (DED) is pleased to report a successful 2014. This has been a year of milestones and growth for our City. We are pleased with our accomplishments, and look forward to the impacts they will have on our future.

Key economic development projects moved forward this year, including the Downtown Frederick Hotel and Conference Center. Plamondon Hospitality Partners, was chosen during a competitive bid process to develop the project along Carroll Creek Park. With this important step complete, the City and the Hotel Advisory Committee have turned their focus to the entitlement process and securing financing. Construction is anticipated to begin in 2016 with a hotel opening in 2017.

Frederick continues to grow as the northern anchor of the I-270 Technology Corridor. Frederick's AstraZeneca facility received an "Economic Development Project" award at the Maryland Economic Development Association (MEDA) annual conference last spring. The award recognized the 385,000 square foot, \$600 million manufacturing facility that opened in August 2011. This year, AstraZeneca announced plans to expand its biologics manufacturing center in Frederick. The more than \$200 million project is expected to bring a total of 300 new jobs.

The 16-member Economic Development Advisory Council (EDAC), appointed this year by Mayor Randy McClement, is poised provide specific recommendations to ensure The City of Frederick, today and in the future, attracts private business investment, jobs, and economic opportunity.

In 2015, we look forward to the completion of Phase II of Carroll Creek Park and important infrastructure projects moving forward. We have a growing population, educated workforce, low unemployment, great schools, active commercial and residential development community, and robust entrepreneurial climate.

We are working with dozens of businesses seeking to expand or locate to the area. We look forward to working with your business too. Call us or visit our website at www.businessinfrederick.com for more information.

Best Regards,

Richard G. Griffin, AICP, CECd
Director of Economic Development

2014 AWARDS

Top 10 Best Downtowns
(#6) -Livability.com

Top 100 Places to Live
(#40) -Livability.com

2013 AWARDS

Top 8 Small Town
Comebacks -CNN

Sustainable Maryland
Certified Municipality

Community Excellence
Award - Historic Bicycle
Loop -MML

#1 Most Secure Place to
Live in the US -Forbes

MARKET ANALYSIS REPORT

Sage Policy Group prepared a complete market analysis report for the City and select business corridors including Downtown Frederick, the Golden Mile, East Frederick, and the Frederick Planning Region. The report is available for download via the Department website.

Economic Health

AA+ AA Aa2

Bond Ratings: Fitch, S&P, Moody's**

\$66,161

Median Household Income+

\$86,044,316

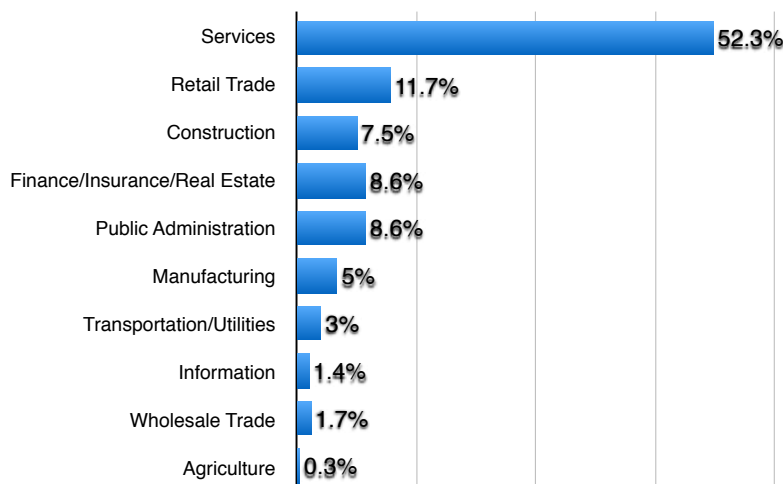
Commercial Permitting Activity*

\$1,925,241,477

Commercial Assessable Tax Base**

Business Composition

Employment by Industry



Source: ESRI

Advanced
Technology
Cluster:

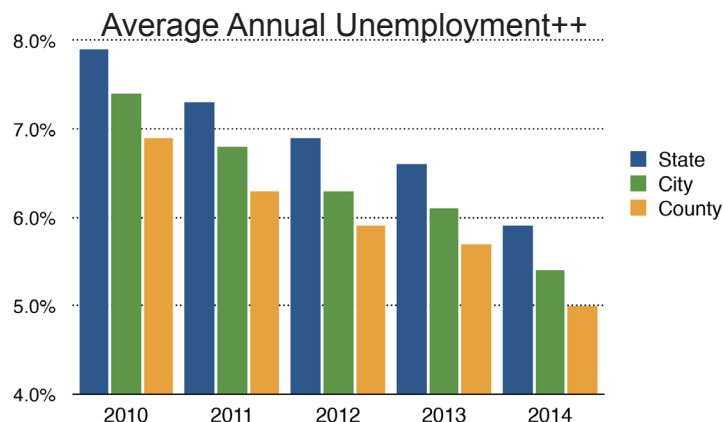
41

IT Firms^

24

Bioscience Firms^

Labor Market Data



47,000

Jobs^^

3,400

Businesses^^

5.4%

Average
Unemployment++

* 1/1/2014 - 12/31/14 169 permits for \$86,044,316.

**FY2014 City of Frederick Finance Department, +2010 Census Data, ++DLLR 2014 Average Unemployment through November, ^DED Verified with each firm, ^^Adapted from City/County Planning Data

WORKFORCE EDUCATION HIGHLIGHTS

Frederick County

#1 2012 Statewide School
Progress Index

#3 Graduation rate in the
state (93.31%)

73.5% of AP students
scored high enough to
qualify for college credit

All high schools made
Newsweek's 2013
America's Best High
Schools List

2013 Winner of the
Maryland Center for
Character Education's
School System of the Year

Enrollment: 40,757
City Enrollment: 9,766
Schools: 66
City Schools: 14
Teachers: 3000
Cost Per Pupil: \$12,859

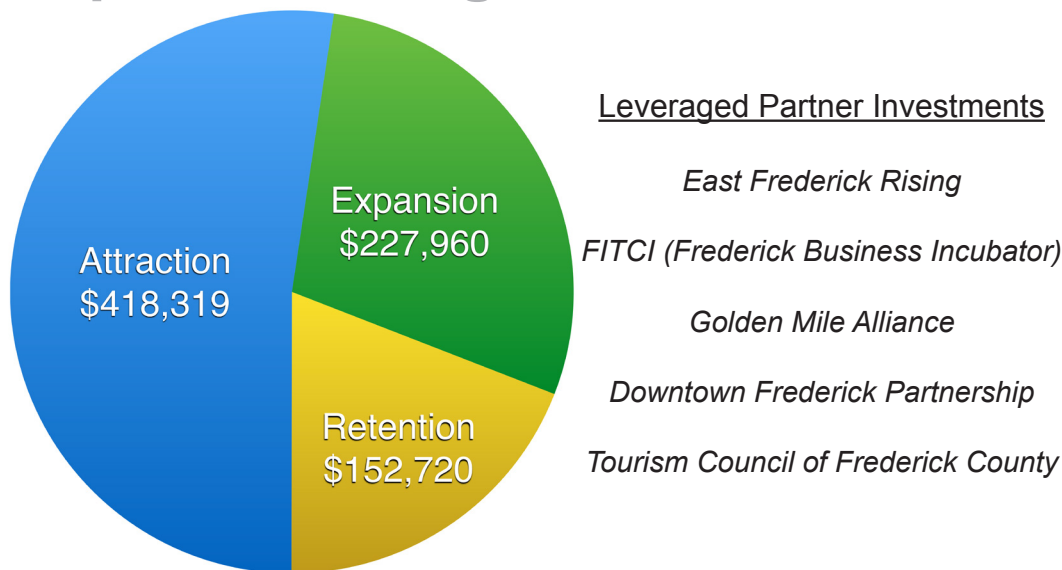
Maryland

2 Education Week's
ranking of school
systems (2014)

1 College Board's 10th
Annual Advanced
Placement Report to the
Nation

Source: Frederick County
Public Schools

Department Budget



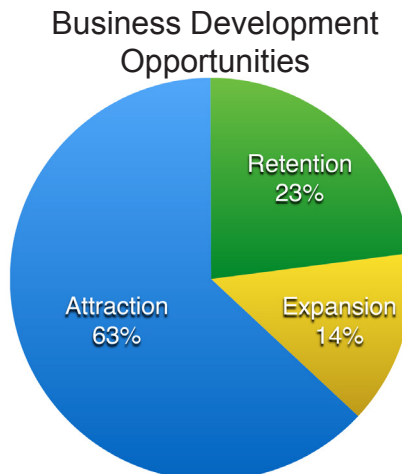
Business Development Fund

The Business Development Fund provides incentive funding for business retention, expansion, and recruitment. Created in FY13 with \$70,000, the fund enables the City to partner with the Maryland Department of Business & Economic Development, via a required 10% local match. Most recently, Frederick-based Someonewith Group was the recipient of a conditional loan agreement to assist with the expansion of the firm's healthcare information technology service.

Department Services

In 2014, the Department engaged in 65 business development opportunities, including 41 business attraction activities, 9 business expansion activities, and 15 business retention activities.

The Department was also responsible for 16 commercial filming applications and fielded 83 requests from the media.



GRANTS

In 2014, the Department successfully applied for \$140,000 in grant funding from the State of Maryland:

- \$100,000 Community Legacy grant to support facade improvements in Downtown Frederick, the Golden Mile, and East Frederick (Awarded)
- \$40,000 BRAC Revitalization and Incentive Zone grant to support public infrastructure to foster BRAC related growth. (Year 4 Reimbursement)

BUSINESS SUPPORT

- **110** business visits, including **14** new businesses, **55** retention visits, and **41** visits during Frederick County Business Appreciation Week
- **149** formal meetings with businesses
- **13** department organized/hosted events
- **31** presentations to the business community

Marketing & Outreach

Startup Maryland

The Department partnered once again with Startup Maryland's Pitch Across Maryland tour, with a stop in Downtown Frederick at Brewer's Alley. The regional initiative provides entrepreneurs a chance to pitch their start-up business concept for angel investors. This year's stop garnered press coverage from the Daily Record (at right).

BIO 2014:

The Department exhibited in 2014 at the BioShow, within the BioMaryland Pavilion. Bio is the single largest biotechnology trade show in the world and provides access to thousands of biotech company representatives. The Department increased awareness of Frederick's position as the northern anchor of the I-270 Technology Corridor and business incubator (FITCI), while prospecting for new business with site selectors and bioscience decision makers.

Partners



FREDERICK COUNTY GOVERNMENT
COMMUNITY DEVELOPMENT DIVISION
Business Development and Retention



DED COMMUNICATION

•eNEWS - Monthly newsletter distributed to **3,277** subscribers with a **30%** open-rate.

•Blog - The department authored **40** blog posts in 2014, eclipsing the previous 31 posts achieved in 2011.

•Facebook - The DED Facebook page increased its number of likes by **109%** in 2014.

•Twitter - The department's Twitter page increased its number of followers by **80%** in 2014.

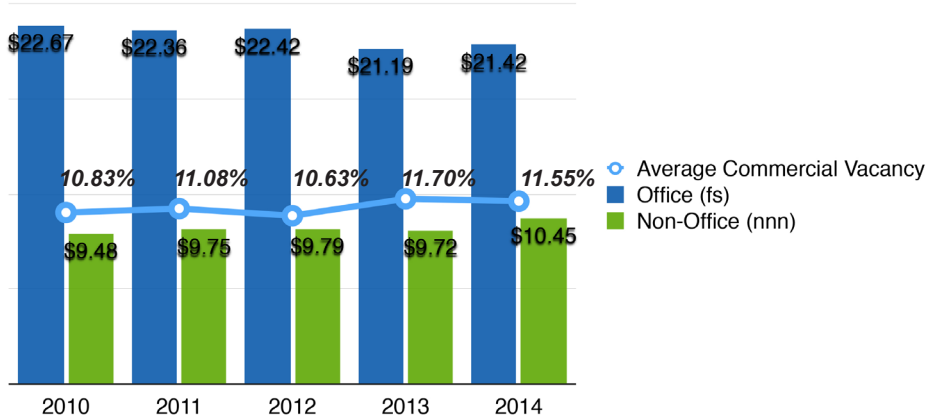
Below: Construction updates along Carroll Creek Park were frequent blog posts in 2014.



Commercial Market & Leasing Activity

Frederick's commercial real estate market remained stable in 2014.

Overall commercial vacancy remained comparable to 2013 with an average vacancy rate of 11.55%. The office market improved most notably with a vacancy rate of 13.7%. Additionally, three office buildings were delivered in 2014, totaling 75,284 SFT. Full-service office lease rates also remained steady at \$21.42/SFT.



Major Employers

Business	Employees	Industry Sector
Fort Detrick	6,400	Military, Bioscience, Communications
Frederick County Board of Education	5,650	Public Education
NCI /Leidos Biomedical	2,700	Bioscience
Frederick Memorial Healthcare	2,232	Comprehensive Health Care
Frederick County Government	1,937	County Government
Wells Fargo Home Mortgage	1,742	Mortgage Loans & Service Center
Frederick Community College	992	Two-Year College
City of Frederick Government	842	Municipal Government
State Farm Insurance Corporation	832	Regional Headquarters - Insurance
United Healthcare	635	Health Insurance Provider
AstraZeneca / MedImmune	630	Biotech Manufacturing
Hood College	427	Four-Year College
Wegman's	400	Retail Supermarket
YMCA of Frederick County	395	Non-Profit, Full-Service Fitness & Health Facility
Stulz Air Technology Systems	388	Manufacturer of Precision A/C Equipment
Homewood Retirement Center	306	Retirement Community
Maryland School for the Deaf	300	Educational Institution for the Hearing Impaired
Fountain Rock Management Services	285	Restaurant Management
Morgan Keller	175	General Contractors
Home Depot	140	Home Improvement Retail Store

DED Hosted Real Taste of Downtown Frederick Property Tour

The Real Taste of Downtown Frederick Property Tour was held on October 16th in an effort to reduce office vacancies and market Frederick to brokers in the Washington area. Commercial brokers from throughout the metropolitan area participated in a walking tour of Downtown with visits to numerous culinary hot spots. Each restaurant stop highlighted a key office space opportunity within Downtown Frederick.



2014 Major Announcements

AstraZeneca (MedImmune)

AstraZeneca announced plans to expand its biologics manufacturing center in Frederick. The more than \$200 million project will increase production capacity at the facility to support AstraZeneca's maturing pipeline and will help position the company to keep pace with a growing demand for the development and use of biologics, which currently represents nearly 50% of AstraZeneca's overall pipeline. Construction is underway and is expected to be complete in mid-2017. The expansion is expected to bring a total of 300 new jobs to Frederick.

Stulz Air Technology Systems (Stulz ATS)

Stulz ATS announced a 41,000 square foot expansion to support the firm's advanced manufacturing capabilities in the United States. The Hamburg, Germany based company has maintained its design and manufacturing infrastructure in Frederick since 2001. The new building will expand the company's sheet metal fabrication area and weld shop. The expansion is expected to create more than 25 permanent jobs in Frederick.

Chiesi Pharmaceuticals

Parma, Italy based Chiesi Pharmaceuticals announced its relocation from Rockville to Downtown Frederick and became the first tenant of the recently rehabilitated Monocacy Valley Cannery on South East Street. The 3,000 square foot lease will provide office space for 9 employees. Chiesi's Frederick location works with federal agencies to obtain product approval in the United States.

U.S. Silica*

In 2014, U.S. Silica, headquartered at Riverside Research Park, was named by Forbes magazine as top small company in America. Businesses were evaluated on 1-year and 5-year earnings growth, sales growth, return on equity, and stock performance. U.S. Silica received high marks for its earnings per share growth of 60% and return on equity of 28% with sales of \$680 million.

SELECT BUSINESS EXPANSIONS & RELOCATIONS

- Go Ape: Established their US headquarters with 2,600 SFT of office space and 16 employees
- Rice Tire: Expanded by 18,000 SFT and employs 40 at its Frederick headquarters
- Battelle National Biodefense Institute (BNBI) increased their workforce by 30
- Frederick Innovative Technology Center, Inc (FITCI): Frederick's 76,500 SFT high-technology business incubator has created 268 jobs with \$16.6 M in payroll since its inception



Above: Representatives from the State, City, and County recognized Rice Tire for their investment in the Frederick community since 1956.

Workforce

Frederick continues to generate a highly educated workforce. The labor force totaled **35,275** in 2014 according to the Maryland DLLR. According to the 2012 American Communities study by the Census Bureau, **36%** of residents have attained a **Bachelors Degree or higher**. The City of Frederick is also home to Hood College, Frederick Community College, and the Frederick County Career and Technology Center.

14%

Graduate Degree or Higher

22%

Bachelors Degree

9%

Associates Degree

20%

Some College

Source: Census Bureau

Housing

Providing workforce housing for all income levels and job types contributes to the quality of life enjoyed in Frederick. Select new projects include:

Eastchurch:

Located near the intersection of East Church Street and Highland Street, the Eastchurch project features single-family detached homes and townhomes in close proximity to historic Downtown Frederick. (Builder: Richmond American Homes).

Townes at Maxwell Square:

Located on Maxwell Avenue between East 4th and East 5th Streets. Initial deliveries for the 45 townhome project began in 2014. (Builder: Comstock Homes).

Prospect Hall Apartments:

A ribbon cutting was held on September 17th to announce the grand opening of the complex. The 376 unit multi-family development is located on Butterfly Lane at the former site of St. John's at Prospect Hall. (Developer: Matan Companies, Management: Stellar Realty).

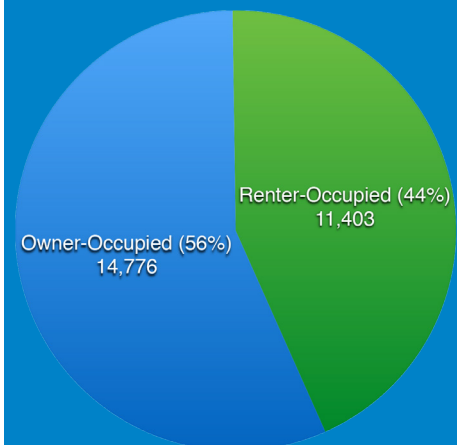
Homewood Villas & The Lodge:

Homewood Retirement Centers continued its expansion at the Crumland Farms campus, located north of Downtown Frederick. The Lodge at Willow Ponds features apartment homes and the Patio Homes at Willow Ponds section offers active adult living. (Management: Homewood Retirement Centers)



Above: Newly completed homes at Maxwell Square.

HOUSING UNITS



Source: City of Frederick Planning/ESRI

Carroll Creek Project

The \$15.8 million second phase of construction along Carroll Creek began in the spring of 2014. The current phase of park improvements include new and widened multi-use paths, landscape planters, lighting, water features, and crosswalk improvements. The work is focused primarily between Bentz and S. Market Streets and between the Delaplaine Arts Center and East Patrick Street. More than \$100 million in new and renovated private construction is planned along the new park/path sections, which will eventually result in hundreds of new jobs and increased local and state tax revenues.

Downtown Frederick Hotel & Conference Center

The City of Frederick, on behalf of the Downtown Frederick Hotel Advisory Committee, issued a Request for Proposal for the development of a privately owned and operated full-service hotel and conference center in historic Downtown Frederick, for which the City received two proposals.

After an exhaustive evaluation, the Advisory Team recommended the Plamondon Hospitality Partners, LLC proposal for a 207-room Marriott hotel with 23,459 square feet of meeting space. The project will feature a ballroom with seating for 700, on-site parking, and the renovation of the historic trolley building. The estimated cost of the project is \$64 million and is expected to bring 110 new jobs and an annual payroll of \$2.9 million. Project construction is anticipated to begin in 2016, with completion slated for 2017.

Golden Mile Redevelopment

- Planned redevelopment of the former Frederick Towne Mall advanced in 2014 with approval of the final site plan for the 155,000 SFT Wal-Mart and additional out-parcel commercial buildings. The multi-million dollar project is expected to create 300 jobs and generate \$4.2 million in local and state taxes.
- Redevelopment plans for the former Maryland State Police Barracks on Route 40 also advanced in 2014. The Golden Mile Gateway is expected to be anchored by a Wawa convenience store and fueling station.



Above: Block is being laid to raise the creek walls to allow for flower beds and retaining walls.

Below: Future “Galleria Fountain”, which is expected to feature 70 spray nozzles.



Above: Extension of the shared-use path near East Street.

Below: A portion of the creek near Union Mills was drained so repairs and replacement work could be completed.



Economic Development Advisory Council (EDAC)

In 2014, the Mayor appointed an ad-hoc committee of the City to provide advice and recommendations to the Department of Economic Development and City elected officials. The Economic Development Advisory Council provides multi-discipline expertise from the community to supplement staff skills in fields such as land development, finance, business management, real estate, employment training, transportation, industrial management, and retail management. In 2015, the Council will provide recommendations on three initiatives: Development of a small business toolkit, Phase-out strategies for the business personal property tax, and Land Management Code revisions.

EDAC Council

Bert Anderson - Shab Row/Everedy Square
Peter Borgel - Fairchild Controls
David Heimbrook - Leidos Biomedical
Mike Henningsen - Plamondon Hospitality
Tom Kleinhanzel - Frederick Memorial Hospital
Rocky Mackintosh - MacRo (Co-Chair)
Don Merrill - US Silica
Rick Miller - Woodsboro Bank
Brad Montgomery - State Farm
Karl Morris - Matan Companies
Joe Parsley - Frederick Shell
April Reardon - Velvet Lounge (Co-Chair)
Rick Rogers - Fenestra
Jason Stanczyk - EDCO
Nick Tressler - AstraZeneca
Maribeth Visco - Kline Scott Visco

Frederick Municipal Airport Expansion

Multi-year effort to position Frederick Municipal Airport as the premier corporate executive general aviation airport for the Capital Region. Recent efforts to advance this initiative include:



- City has forward-funded land acquisition and recently received \$4.7 million in FAA reimbursement grants to support plans to extend the airport's primary runway. Projected total cost of the project is around \$32 million.

TRANSPORTATION

Recently announced/ completed transportation improvement projects include:

Completion of Motter Avenue Bridge:

- \$21.3 million project
- Features 2 additional travel lanes (6 total), bicycle lanes, and wider sidewalks

Monocacy Boulevard Center Section:

- Phase II under construction with anticipated completion by end of 2017
- Provides alternate route to I-70 and US-15
- Reduces congestion in Historic Central Business District
- BRAC Zone Infrastructure
- Improves access for business to municipal airport and Riverside Research Park

US15/Monocacy Boulevard Interchange:

- Funded by SHA and included in MWCOG Transportation Improvement Plan
- Completion set for 2016

Mayor & Board of Aldermen

61st Administration

Randy McClement
Mayor

Kelly Russell
President Pro Tem

Michael O'Connor

Phil Dacey

Josh Bokee

Donna Kuzemchak



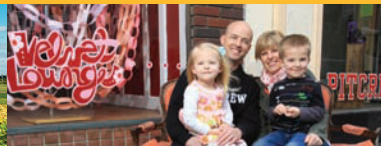
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